

Comments regarding Proposed Rule Amending Regulation Z

My name is Steve Engel and I own Rocky Mountain Mortgage Company in Breckenridge, Colorado. I have been a mortgage broker for over 25 years in three different states.

I support strong consumer protection regulations so that unscrupulous mortgage suppliers do not take advantage of less sophisticated and experienced consumers. I however, oppose the proposal to restrict compensation for mortgage brokers.

Mortgage brokers provide a very valuable service to the consumer. While serving both the lender and the borrower without representing either one, we enable many people to get what they need in advice, help and financing that otherwise would not be available to them.

We compete with banks, credit unions, direct lenders and other sources of financing but offer unique help to borrowers that none of these other institutions can provide. Borrowers come to me because they know this and want the expertise, service, and advice I am able to provide. It is unfair to not require equal disclosures for all sources of financing and it is also discriminatory. Mortgage brokers should be able to compete on a level playing field. This is important for the consumer too, since we will not survive without this ability to compete and our services will no longer be available.

Payment from lenders to mortgage brokers (Yield Spread Premiums, etc.) is vital for this industry. They allow flexibility for all involved. For example, if a borrower is buying a property with the idea of needing something larger in 1-2 years, they can get a loan with a higher YSP and pay only a slightly higher interest rate. When they sell in 2-3 years, they will have saved both money and initial cash and have benefited from the flexibility given by offering an YSP. YSP is a tool that can be used to everyone's advantage. It is a win/win situation. No one, including borrowers will benefit from a restriction or eradication of YSP. As long as it is clearly disclosed the choice to use it or not is vital for the consumer.

It is also impossible to give precise estimates of fees charged early in the transaction. When I first receive a loan application I don't know what type of loan is available for the borrower, how we will be able to qualify them, and what type of loan they will choose. It is often 2-3 weeks into the process, after the appraisal is received, and all income and asset documentation is in, that I can give the borrower clear choices of what is available to them. It is at that point that the total costs of the loan can be precisely listed. Until then, only an estimate can be accurate.

I humbly suggest that you consider alternatives to the proposed regulations so that consumers can be protected without being so constrained as to limit options and make financing more difficult and more expensive for them to obtain. I feel strongly that the proposed regulations will do just that and make what has already become a bad situation much worse for the consumer.

Thank you for considering my comments.

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